

AMENDED IN SENATE AUGUST 16, 2006

AMENDED IN SENATE JUNE 14, 2006

AMENDED IN ASSEMBLY MAY 4, 2006

AMENDED IN ASSEMBLY APRIL 6, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 1969

Introduced by Assembly Member Yee

February 9, 2006

An act to add Section 399.20 to the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1969, as amended, Yee. Electrical corporations: water agencies.

(1) The Public Utilities Act requires the Public Utilities Commission to review and adopt a procurement plan and a renewable energy procurement plan for each electrical corporation pursuant to the California Renewables Portfolio Standard Program. The program requires that a retail seller of electricity, including electrical corporations, community choice aggregators, and electric service providers, but not including local publicly owned electric utilities, purchase a specified minimum percentage of electricity generated by eligible renewable energy resources, as defined, in any given year as a specified percentage of total kilowatthours sold to retail end-use customers each calendar year (renewables portfolio standard).

Existing law, except as specified, requires every electric service provider, as defined, to develop a standard contract or tariff providing for net energy metering, and to make this contract or tariff available to

eligible customer generators, upon request, on a first-come-first-served basis until the total rated generating capacity used by eligible customer generators exceeds 0.5% of the electric service provider's aggregate customer peak demand.

This bill would require every electrical corporation to file with the commission a standard tariff for renewable energy output produced at an electric generation facility, as defined, that, among other things, is an eligible renewable energy resource. The bill would require the electrical corporation to make this tariff available to public water or wastewater agencies that own and operate an electric generation facility *within the service territory of the electrical corporation*, upon request, on a first-come-first-served basis, until the combined statewide cumulative rated generating capacity of those electric generation facilities equals 250 megawatts. *The bill would specify that each electrical corporation would only be required to offer service or contracts under this bill until that electrical corporation meets its proportionate share of the 250 megawatts based on the ratio of its peak demand to the total statewide peak demand of all electrical corporations.*

The bill would provide that, upon approval by the commission, any tariff or contract authorized by the bill may be made available to an electric generation facility that has an effective capacity of not more than 1.5 megawatts if that electrical generation facility otherwise complies with all of the provisions of this bill.

(2) Under existing law, the failure to file a required tariff, or a violation of an order or direction of the commission, including a commission-approved tariff, is a crime.

Because the bill would require electrical corporations to file new tariffs, the bill would impose a state-mandated local program by creating new crimes.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The health of the state's economy depends upon reliable,
4 affordable, adequate, and environmentally sound supplies of
5 energy and water.

6 (b) The state's rapidly growing population is increasing the
7 demand for water and the energy needed to deliver and treat it.

8 (c) The state's water-related electricity demand accounts for
9 nearly 20 percent of the state's overall electricity consumption.

10 (d) Despite improvements in power plant licensing, successful
11 energy efficiency programs, and continued technological
12 advancements, the development of new energy supplies is not
13 keeping pace with the state's increasing demand. Moreover, the
14 development of new renewable resources has been slower than
15 anticipated and limited by existing transmission constraints.

16 (e) Unless properly managed on a statewide basis,
17 water-related electricity demand could ultimately affect the
18 reliability of the electric system.

19 (f) Public water and wastewater facilities are strategically
20 located and interconnected to the electric transmission system in
21 a manner that optimizes the deliverability of electricity generated
22 at those facilities to load centers.

23 (g) Renewable energy produced at public water and
24 wastewater facilities will reduce the demand for the production
25 of nonrenewable energy needed to serve water-related electricity
26 demand.

27 SEC. 2. Section 399.20 is added to the Public Utilities Code,
28 to read:

29 399.20. (a) It is the policy of this state and the intent of the
30 Legislature to encourage energy production from renewable
31 resources at public water and wastewater facilities in an amount
32 commensurate with water-related electricity demand.

33 (b) As used in this section, "electric generation facility" means
34 an electric generation facility, owned and operated by a public
35 water or wastewater agency that is a retail customer of an
36 electrical corporation, and that meets all of the following criteria:

1 (1) Has ~~a~~ *an effective* capacity of not more than one megawatt
2 and is located on or adjacent to a water or wastewater facility
3 owned and operated by the public water or wastewater agency.

4 (2) Is interconnected and operates in parallel with the electric
5 transmission and distribution grid.

6 (3) Is sized to offset part or all of the electricity demand of the
7 public water or wastewater agency.

8 (4) Is strategically located and interconnected to the electric
9 transmission system in a manner that optimizes the deliverability
10 of electricity generated at the facility to load centers.

11 (5) Is an eligible renewable energy resource, as defined in
12 Section 399.12.

13 (c) Every electrical corporation shall file with the commission
14 a standard tariff for renewable energy output produced at an
15 electric generation facility.

16 (d) The tariff shall provide for payment for every kilowatthour
17 of renewable energy output produced at an electric generation
18 facility at the market price as determined by the commission
19 pursuant to Section 399.15 for a period of 10, 15, or 20 years, as
20 authorized by the commission.

21 (e) Every electrical corporation shall make this tariff available
22 to public water or wastewater agencies that own and operate an
23 electric generation facility *within the service territory of the*
24 *electrical corporation*, upon request, on a first-come-first-served
25 basis, until the combined statewide cumulative rated generating
26 capacity of those electric generation facilities equals 250
27 megawatts. An electrical corporation may ~~elect to~~ make the terms
28 of the tariff available to public water or wastewater agencies in
29 the form of a standard contract subject to commission approval.
30 *Each electrical corporation shall only be required to offer*
31 *service or contracts under this section until that electrical*
32 *corporation meets its proportionate share of the 250 megawatts*
33 *based on the ratio of its peak demand to the total statewide peak*
34 *demand of all electrical corporations.*

35 (f) Every kilowatthour of renewable energy output produced
36 by the electric generation facility shall count toward the electrical
37 corporation's renewable portfolio standard annual procurement
38 targets for purposes of paragraph (1) of subdivision (b) of
39 Section 399.15.

1 (g) The physical generating capacity of an electric generation
2 facility shall count toward the electrical corporation's resource
3 adequacy requirement for purposes of Section 380.

4 (h) *Upon approval by the commission, any tariff or contract*
5 *authorized by this section may be made available to an electric*
6 *generation facility that has an effective capacity of not more than*
7 *1.5 megawatts if that electrical generation facility otherwise*
8 *complies with all of the provisions of this section.*

9 SEC. 3. No reimbursement is required by this act pursuant to
10 Section 6 of Article XIII B of the California Constitution because
11 the only costs that may be incurred by a local agency or school
12 district will be incurred because this act creates a new crime or
13 infraction, eliminates a crime or infraction, or changes the
14 penalty for a crime or infraction, within the meaning of Section
15 17556 of the Government Code, or changes the definition of a
16 crime within the meaning of Section 6 of Article XIII B of the
17 California Constitution.